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SUBJECT: U.S.-CHINA WORKING GROUP MEETS WITH GANSU GOVERNOR
LU HAO

Summary

¶1. (SBU) During a meeting between a visiting delegation from the U.S.-China Working Group led by Congressmen Mark Kirk, Rick Larsen and Tom Feeney and Gansu Governor Lu Hao, the two sides discussed increased educational exchanges between Gansu universities and University of Illinois. The space launch facility located in Gansu has limited local economic impact beyond locally provided support services, the Governor highlighted. Despite rapid economic growth and significant fiscal support from the central government Gansu's economy continues to lag behind. End summary.

Bilateral Exchanges

¶2. (SBU) Gansu Governor Lu Hao thanked Congressman Kirk for his assistance in supporting his visit to the United States in September of 2005. The Governor's visit also included a trip to Oklahoma to celebrate the twentieth anniversary of their relationship as sister regions. During the visit he signed an MOU with Oklahoma Governor Brad Henry pledging to push economic, educational, scientific and cultural cooperation.

¶3. (U) Congressman Kirk presented Governor Lu with a letter from the Chancellor of the University of Illinois expressing his desire to build an academic relationship with Lanzhou University and Gansu Agricultural University. Governor Lu said that he was very pleased to receive the letter and that Gansu hopes to build stronger academic ties with the University. Regional and educational cooperation is a very important part of the overall U.S.-China relationship, Governor Lu noted.

Gansu Launch Site

¶4. (SBU) Responding to a question from Congressman Feeney, the Governor said that the space center is mainly engaged in research and launch activities, which does not filter down to the local economy. However, the support services for the launch site are provided locally, which is beneficial to the local economy.

Gansu Economy

¶5. (SBU) Congressman Rick Larsen asked Governor Lu if

he could give the delegation more background on the economy of Gansu including the difference between Gansu and the more developed regions of China. The economy of Gansu is primarily based upon resource extraction and basic manufacturing including petrochemicals, steel and ferrous metals production, he noted. Despite 11 percent growth last year, the per capita income of Lanzhou is only 78 percent of the national average, while rural Gansu is only 68 percent, he added. However, he claimed, the cost of living is much lower in Gansu than it is in coastal cities like Beijing. Housing costs 10,000 RMB per sqm in Beijing, but in Lanzhou it is only 2000 RMB per sqm, he added.

16. Central government support to develop the western region of China has led to major investments in expressway, city and rural transportation infrastructure and water and sewage treatment, the Governor noted. The central government has also invested significant amounts into education and health services for western regions like Gansu. As an example of central government support for the West, Governor Lu noted that the fiscal revenues of Gansu Province were only 25 billion RMB while the actual expenditures were 40 billion RMB.

17. (U) Participants:

U.S. Delegation

Representative Mark Kirk
Representative Rick Larsen
Representative Tom Feeney

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Deputy Chief of Mission David Sedney
Stephan Orlins, President, National Committee on U.S.-
China Relations
Richard Goldberg, U.S.-China Working Group Co-Staff
Director
Dr. Yang Hong, Bryant University
Embassy Control Officer and Notetaker

Chinese Delegation

Lu Hao, Gansu Province Governor
Jiao Qing, Deputy Secretary General Gansu Provincial
Government
Guo Yingchun, Director General Gansu Province Foreign
Affairs Office
MFA Officers

18. (U) The delegation has cleared this cable.
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